

**NATIONAL DAIRY MARKET AT A GLANCE**

**CHICAGO MERCANTILE EXCHANGE CASH MARKETS:** Grade AA butter increased 3 cents to \$2.1500. Barrel cheese decreased 3/4 of a cent to \$1.5000 and 40# blocks are unchanged at \$1.6575.

**BUTTER:** Butter producers and handlers continue to monitor production schedules and prices following last week's record setting cash trading at the CME. Reports indicate that cream supplies are somewhat more available to churns, but most producers are hesitant to take on additional volumes beyond projected short term needs. At current prices, producers are reluctant to build too much of an inventory. Overall, butter supplies are in close balance for current needs. Butter continues to move from Western producers to buyers in the Midwest and Eastern part of the United States.

**CHEESE:** The wide barrel/block spread combined with high milk prices is a concern to producers and buyers. Cheese production is fairly steady as milk receipts in some areas stabilized or rebounded after the recent bout with heat. Cheese production may decline in the near future as bottlers begin to refill the school milk pipeline.

**FLUID MILK:** Milder temperatures across the East and Midwest have slowed milk production declines and helped stabilize milk receipts. Western milk production levels continue to decline due to the hot and humid weather conditions. Fat and protein tests on incoming milk are seasonally low and affecting yields. Handlers in several Southeastern states continue to import significant amounts of milk from the Northeast and Upper Midwest. As schools begin to reopen, bottlers are organizing plans for anticipated needs.

**DRY PRODUCTS:** The NDM market is firmer in the Eastern and Western regions. Declining milk receipts, DEIP sales, and increased Southern fluid milk shipments are causing producers to limit spot offerings and raise prices. Offerings to the CCC continue, but at lower net levels. The whey market is steady. Sales are slower as users work off inventories and purchase to cover short term needs. The buttermilk market is mixed. Condensed buttermilk sales remain active. The WPC market continues to firm and offerings are limited.

**CCC:** During the week of August 3 - 7, CCC net purchases totaled 1,484,489 pounds of NDM under the price support program.

**BASIC FORMULA PRICE (DAIRY PROGRAMS):** The basic formula price (BFP) for July 1998 is \$14.77 per cwt. at 3.5% test. The July BFP is \$1.67 higher than last month and \$3.91 higher than July 1997. The BFP is the base month M/W price of \$13.17 plus a change of \$1.60, which is the change in the butter/powder/cheese formula from June to July. For July, the NASS average cheese price was \$1.5656. The butterfat differential is \$0.223. Class III-A prices are: for Federal Orders 1 & 2, \$15.62; for Order 4, \$15.64; for Orders 124, 131, & 135, \$15.62; for other affected orders, \$15.59.

**DAIRY PRODUCTS (NASS):** Butter production was 73.4 million pounds in June, 10.5% below June 1997 and 21.0% below May 1998. American type cheese production totaled 287.0 million pounds, 0.3% above June 1997 but 2.1% below May 1998. Total cheese output (excluding cottage cheese) was 640.3 million pounds, 2.7% above June 1997 but 2.0% below May 1998. Nonfat dry milk production, for human food, totaled 104.8 million pounds, 12.7% below June 1997 and 13.6% below May 1998. Dry whey production, for human food, was 97.6 million pounds, 3.2% above June 1997 but 1.7% below May 1998.

**JUNE AGRICULTURAL PRICES (NASS):** The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in July 1998 was unchanged at 115. Compared with July 1997, the index was down 2 points (1.7%). The index of prices received by farmers for dairy products advanced 2 points during the month of July 1998 to 109. Compared with July 1997, the index was up 16 points (17.2%). On a 3.5% butterfat basis, prices received by farmers in July with changes from June were: for All Milk, \$14.23, up 34 cents; for Fluid Grade Milk, \$14.26, up 37 cents; and for Manufacturing Grade Milk, \$13.50, up 76 cents.

## \*\*\*\*SPECIALS THIS ISSUE\*\*\*\*

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**CHICAGO MERCANTILE EXCHANGE  
CASH TRADING**

LST = Last Significant Transaction

**BUTTER ON FRIDAY, AUGUST 7, 1998**

(CARLOT UNIT = 40,000-42,000 LBS.)

GRADE	:	CLOSE	:	CHANGE
AA	:	\$2.1500	:	+0300

SALES: 19 CARS: 1 @ \$2.2000,  
1 @ \$2.2100, 1 @ \$2.2150, 3 @ \$2.2200, 1 @ \$2.2000,  
1 @ \$2.1975, 1 @ \$2.2025, 1 @ \$2.1975, 1 @ \$2.2000,  
1 @ \$2.1975, 1 @ \$2.1950, 1 @ \$2.1975, 1 @ \$2.1900,  
1 @ \$2.1925, 1 @ \$2.1850, 1 @ \$2.1800, 1 @ \$2.1500 (LST)

BIDS UNFILLED: 1 CAR @ \$2.1200

OFFERS UNCOVERED: 1 CAR @ \$2.2500

**CHEESE ON THURSDAY, AUGUST 6, 1998**

(CARLOAD UNIT = 40,000-44,000 LBS.)

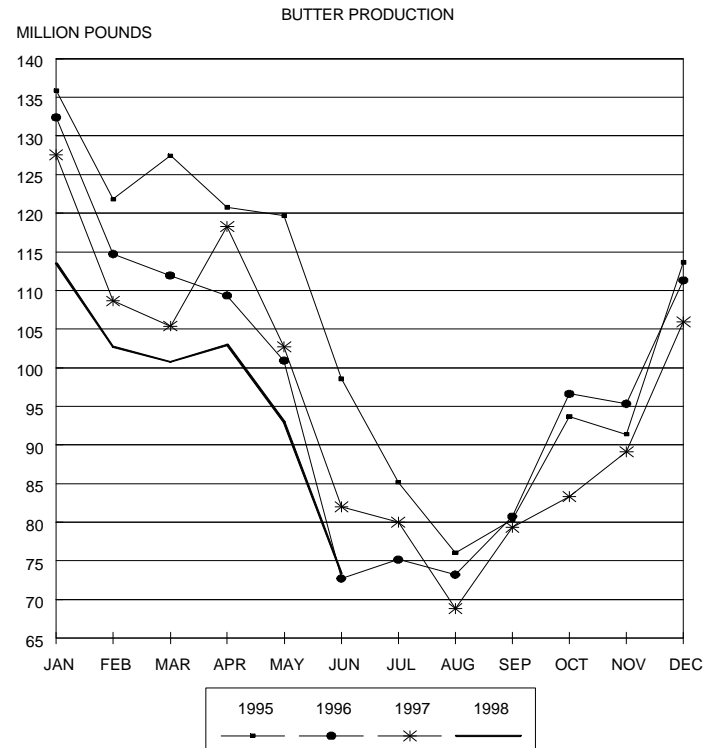
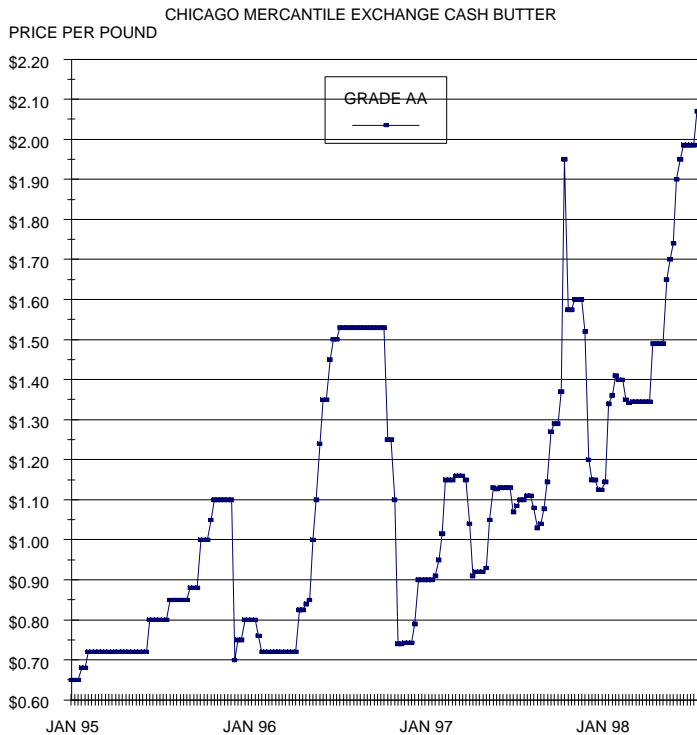
STYLES	:	CLOSE	:	CHANGE
BARRELS	:	\$1.5000	:	-.0075
40# BLOCKS	:	\$1.6575	:	N.C.

SALES: 3 CARS BARRELS:  
1 @ \$1.5000, 1 @ \$1.5075, 1 @ \$1.5000 (LST)  
21 CARS 40# BLOCKS @ \$1.6575 (LST)

BIDS UNFILLED: 2 CARS 40# BLOCKS @ \$1.6575

OFFERS UNCOVERED: 9 CARS BARRELS: 2 @ \$1.5050,  
5 @ \$1.5075, 1 @ \$1.5175, 1 @ \$1.5575

3 CARS 40# BLOCKS:  
1 @ \$1.6625, 1 @ \$1.6800, 1 @ \$1.7075



## BUTTER MARKETS

### JUNE BUTTER PRODUCTION

June U.S. butter production, at 73.4 million pounds, was 10.5% less than last year. Output for the first six months of 1998 totals 586.3 million pounds, down 9.0% from the same period in 1997. June output compared to last year for selected states is as follows: California down 44.4%, Minnesota down 1.6%, Pennsylvania down 19.6%, and Washington down 22.5% while Wisconsin was up 0.9%.

### NORTHEAST

The premium structure is unchanged, but the cash close for AA butter at the CME increased another 5 cents. The market tone is unsettled. Buyers and producers are still a little uncertain how to proceed as prices seem to set a new record high each week. Last week, fluid cream supplies were more abundant and butter makers seemed reluctant to take loads unless prices/multiples were adjusted lower. Spot demand for Class II cream is steady. Locally, churning activity is light to moderate and some producers continue to get supplemental loads from Western producers. Retail demand for prints is steady. Food service orders are unchanged.

### CENTRAL

Butter markets remain firm following another increase in the AA cash price at the Chicago Mercantile Exchange July 31. The recent 5 cent increase generated another all-time record high. Butter stocks remain in close balance to short of desired needs. Although cream is more available to local churns, most producers are hesitant to take on additional volumes beyond projected short term needs. At the current price, producers are reluctant to build too large an inventory. Some producers are finding that offerings of butter need to be priced at competitive levels to keep stocks moving. Overall buying interest is slowing as buyers exercise various levels of price resistance.

### WEST

Differentials for butter producers are increasing at the same time that the base price is also moving higher to new record levels. Orders remain good with butter continuing to move across the country. Food service orders remain steady with

retail sales slowing as prices increase. Cream demand does not seem as aggressive as a few weeks ago. It is believed that butter producers are hesitant to buy too much cream at these record high prices. Ice cream plants are also reluctant to run heavy production schedules at this time of the season. They are passing on some loads of cream at this time.

### WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS, TRUCKLOAD QUANTITIES.

FIGURES REPRESENT THE RANGE IN PREMIUMS OR DISCOUNTS (CENTS/POUND) FROM THE CME GRADE AA CASH BUTTER CLOSE  
JULY 31, 1998 CLOSE = \$2.1200

STYLE	NORTHEAST	CENTRAL	WEST
BULK	+4 TO +5	flat TO +4	-4 TO +1

### WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER : CHEESE	
08/03/98	9,123	: 113,415
07/01/98	10,735	: 107,011
CHANGE	-1,612	: + 6,404
% CHANGE	- 15	: + 6

Based on the historical relationship of the preliminary U.S. Cold Storage report of June 30 and the selected centers storage report, the expected U.S. holdings as of August 1 are:

Butter	50 million pounds plus or minus 3.24 percent
Cheese	487 million pounds plus or minus 3.25 percent

### NASS CHEDDAR CHEESE PRICE SURVEY

WEEK ENDING	40# BLOCKS		U.S.	640# BLOCKS		BARRELS (adjusted to 39% moisture)		
	MN/WI	WEST		U.S.		MN/WI	OTH STATES	U.S.
JULY 31	1,6442	1,6032	1,6161	1,6145		1,5217	1,4836	1,5000
	1,203,364	3,707,009	5,104,949	679,724		3,788,800	4,953,839	8,742,639

Further data and revisions may be found on the Internet at: <http://usda.mannlib.cornell.edu/reports/nassr/price/cheddar/>

## CHEESE MARKETS

## NORTHEAST

Prices are unchanged to higher. The market tone is unsettled as buyers and sellers proceed cautiously. Prices are approaching record high levels and buyers are keeping inventories as current as possible. Producers are also very inventory conscious. Current output is steady to lighter as milk supplies tighten along seasonal patterns. Demand for cheese is fair and often limited to covering immediate needs. Food service orders are steady at seasonally good levels.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.6300-2.1400
Cheddar Single Daisies	:	1.6000-2.1450
Cheddar 40# Block	:	1.7950-1.9450
Process 5# Loaf	:	1.7175-1.8450
Process 5# Sliced	:	1.7375-1.9025
Muenster	:	1.8275-2.1525
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

## MIDWEST

The cheese market is steady. At the Chicago Mercantile Exchange cash cheese market on July 30, barrels were steady at \$1.5075 and 40# blocks were unchanged at \$1.6575. The wide barrel/block spread (15 cents) continues to challenge profits for barrel plant operators competing for milk. Orders are mixed with the general pattern continuing at just enough to meet the short term needs. Continued differentiation in demand patterns between market segments is continuing with food service still holding up best for process and often slower in other segments. Mozzarella interest is starting to improve as pizzerias start to reload the pipeline for expected fall needs. Additional product is available from producers, but plant operators are not anxious to move uncommitted offerings. Cumulative production of various cheeses during the first 6 months of 1998 compared to the same period in 1997 are: cheddar 1.360 billion pounds, down 11.9 million pounds (-0.9%); American 1.699 billion pounds, up 8.0 million pounds (0.5%); and total cheese 3.770 billion pounds, up 92.7 million pounds (2.5%).

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4975-1.9000
Brick And/Or Muenster 5#	:	1.8800-2.1400
Cheddar 40# Block	:	1.9000-1.9225
Monterey Jack 10#	:	1.9150-2.1225
Blue 5#	:	2.2650-2.4200
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9150-2.0075
Grade A Swiss Cuts 6 - 9#	:	2.2000-2.4850

## MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),  
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	AUGUST 3 - 7, 1998
BARRELS*	:	\$1.4975 - 1.5275 (Nominal)
	:	(-\$0.0100)
40# BLOCKS	:	\$1.6575 - 1.6875 (Nominal)
	:	(\$0.0100)

( ) Change from previous week. \* If steel, barrel returned.

## WEST

Prices for Western cheese held steady this week. Demand is very good and stocks are generally light. Production of barrels is lighter as milk is moved to either blocks or butter/powder because of much better returns. Buyers cannot cover needs adequately. Block offerings are tight. No aged cheese is available. What cheese that is being offered is very current. Mozzarella sales are increasing seasonally. Swiss sales are steady at best, but production is light enough so that stocks are in good balance. June total cheese production for the U.S. compared to last year is up 2.7% from last year. Cumulative output for the first six months of the year totals 3.77 billion pounds, up 2.5% from the same period in 1997. Output for total cheese for selected Western states compared to last year is as follows: California up 6.4%, Idaho up 4.9%, New Mexico up 12.3%, Utah up 9.5%, and Washington up 49.6%. Swiss output in June was down 1.3% from last year at 18.2 million pounds.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.7300-1.9200
Cheddar 40# Block	:	1.8200-1.9200
Cheddar 10# Cuts	:	2.0000-2.1800
Monterey Jack 10#	:	2.0100-2.1425
Grade A Swiss Cuts 6 - 9#	:	2.3600-2.4300

## FOREIGN TYPE

Prices are mostly steady. The market tone is unchanged. Demand is seasonally slow to fair, but there is still interest for cheeses used in processing. According to reports, EU cheese production in May was down about 1.6% from May 1997. Production has shown declines from year-earlier levels for two consecutive months.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.9925-2.6025
Gorgonzola	: 3.2400-5.9400	: 2.4900-2.6875
Parmesan (Italy)	: TFEWR	: 3.4025-3.4425
Romano (Italy)	: 2.0900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.6650-2.1925
Romano (Cows Milk)	: -0-	: 3.1700-3.5125
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.2500-2.5050
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

\* = Price change.

## FLUID MILK AND CREAM

## E A S T

Following the announcement of the July BFP, Eastern Milk Market Administrators announced changes to their class prices. The July BFP is \$14.77, up \$1.67 from June. In all Eastern orders the September Class I & II prices will be \$1.67 higher than August. The July Class III prices are \$1.81 above June in orders 1, 2, and 4; \$1.67 higher in other orders. The June Class III-A is \$15.62 in orders 1 & 2, \$15.64 in order 4, and \$15.59 in all other Eastern orders. The butterfat differential is \$0.223. Milk production is reported as steady to fractionally higher this week. Milder temperatures across most of the region have slowed declines seen during July. In a few scattered areas, milk output even rebounded slightly. Fat and protein tests on incoming milk are seasonally low. Fluid milk supplies are light to adequate. Florida handlers imported 81 loads this week which compares to 152 loads during the same week a year ago. Handlers in other Southeastern states are bringing in another 90-100 loads from the Northeast and Upper Midwest. Some schools in the Southeast are starting to reopen, but the majority of schools will begin their new year during the next two weeks. This, typically, puts a big demand on bottlers to fill the pipelines and find enough milk to meet this demand. Retail sales of milk are steady to occasionally improved. Surplus milk diversions are light and easily processed. Some manufacturing plants have cut back on operating schedules because of lower surplus milk receipts. Condensed skim sales are still quite good despite higher prices. Most of the condensed skim prices now fall in the low to mid 80's. Price increases reflect the \$2.22 July-to-August jump in the Class II milk price. The fluid cream market seems a little firmer than last week. The multiples are steady to lower, but there were more reports of increases within the range. With last week's (7/31) cash butter at the CME closing another 5 cents higher, cream prices continue their upward trend. Cream cheese production is often lighter as producers resist the very high price for cream. Ice cream output is holding up, but producers note that the rising prices of cream are having an effect on their selling prices and retail sales. Soft serve mix orders are holding up quite well. Churning activity is mostly steady.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

## SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	2.7136 - 3.0104
Delivered Equivalent Atlanta	-	2.7136 - 2.9680 M 2.7984 - 2.8832
F.O.B. Producing Plants: Upper Midwest	-	2.7560 - 2.9680

## PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	.7500 - .9500
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## M I D W E S T

## WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
JULY 31 - AUGUST 6, 1998	8
PREVIOUS WEEK	17
COMPARABLE WEEK IN 1997	5

## DESTINATIONS: KENTUCKY 8

A slow moving weather system brought needed precipitation and relief to dry conditions though much of the upper Midwest, though some localized flooding also occurred. The precipitation helped crops, such as hay/haylage, but other crops in certain areas may be beyond help. Class I demand was steady to improved, aided by retail feature activity. Handlers are working with bottlers on organizing plans for anticipated school needs as systems begin reopening locally in a few weeks. Manufacturing milk interest is still strong as offerings are steady to lower. Spotty cheese and manufactured product sales make some

plant operators nervous about building inventories and making extra milk purchases. Reported manufacturing milk prices range from \$1.50 to \$2.25 over class/MCP. Besides the milk shipments reported, 15 loads from Wisconsin were shipped to Michigan to help with a retail feature. A total of 29 loads of Wisconsin milk are "direct shipped" and pooled under a Southern Federal Order with 23 sent to Missouri and 6 to Tennessee. Last week, 11 tankers of "direct shipped" milk was sent to Missouri. A Michigan handler is moving milk into Kentucky and Tennessee with a few loads into the Carolinas. Cream prices are higher, reflecting a new record high butter price at the Chicago Mercantile Exchange. Most of the cream activity is occurring toward the middle of the reported range. Cooler, less humid weather recently has helped plant milk receipts stabilize and even rebound from heat stressed levels in late July. Receipts in parts of Missouri and nearby states also rebounded somewhat with cooler weather. Fat and protein tests for incoming milk are in low summer ranges.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUL 30 - AUG 5	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 38.00	\$ 38.00- 42.50
REPLACEMENT HEIFER CALVES	\$145.00-185.00	\$ 90.00-120.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JUL 30 - AUG 5	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.00- 39.75	\$ 38.00- 45.00

## W E S T

The July 4a price (butter/powder) in California is \$15.51, up 76 cents from June 1998 and \$3.62 higher than last year. The 4b price (cheese) is \$14.36, \$1.22 higher than last month and \$3.99 cents more than last year. (The July BFP is \$14.77, up \$1.67 from June and \$3.91 than a year earlier.) The August and September 1998 Class 1 prices in California range from \$15.83 in the north to \$16.10 in the south. The statewide average Class 1 based on production is \$15.89. The average is \$2.07 higher than the prior period. Milk production continues to be affected by hot and humid weather conditions in California. Temperatures over 100 degrees are stretching over most of the major milk producing areas of the state. Nighttime temperatures in the 80's were causing additional herd stress. Cow feed intakes are said to be dropping as the temperatures increase. Plant receipts are lowest where the heat is the greatest. Fat and solids content of the milk is also declining and affecting yields. Cream was being moved within the state to fill local shortages caused by the combination of lower milk output and less fat in the milk. In Arizona, milk production continues to decline on a per cow basis due to hot weather, but it is beginning to level off. Western cream multiples remain in the mid 110 to 120's. Out of region shipments are lower than in recent weeks. Buyers in other regions are able to find needs locally. Conditions are warm enough in the Pacific Northwest that milk production is declining more rapidly from seasonal highs. Nights are relatively cool which is limiting the current amount of stress. Production schedules at manufacturing plants are declining and milk is being moved around the region to get it into the type of plant that will return the most profit to the manufacturer. This means that some organizations are changing their product mix. Finding good quality hay at reasonable prices continues to be a problem. Offerings of bred heifers are light and are sold very rapidly. Milk producers are in the process of contracting a large portion of their fall/winter feed needs at this time. The cost/return relationship looks good for the upcoming months. Temperatures in Utah and Idaho have moved into the 100-degree range regularly over the past two weeks. The milk flow is being adversely affected. Hay harvesting is making good progress with some decent hay becoming more available. Prices remain on the firm side.

**CENTRAL AND WEST DRY MILK PRODUCTS**

All reports, except California manufacturing plants, were released 08/06/98 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL**

Prices are fractionally higher on the bottom end of the range, but steady on the mostly. Buyer interest is slow and trading activity is limited. Improved demand for high heat has a few producers sold out. For the week of July 27 - 31, Central offerings to the CCC under the price support program totaled 125,083 pounds. U.S. production of human food NDM during June totaled 104.8 million pounds, down 12.7% from last year and 13.6% less than May. (Combined MN and WI production during June totaled 1,475,000 pounds.) Manufacturers' stocks at the end of June totaled 122.7 million pounds, 29.2% lower than last year and 7.1% less than last month.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: .10200 - .10450 MOSTLY: .10250 - .10350

**DRY BUTTERMILK - CENTRAL**

Prices are unchanged, but the market is developing a weak undertone. Demand for dried buttermilk is slow. Readily available condensed buttermilk, at relatively inexpensive prices, is attracting most of the buyers. Sales are lagging and some producers have lowered prices to attract additional interest and reduce building inventories. During June, dry buttermilk production totaled 3.4 million pounds, up 21.4% from last year but 33.4% less than May. End-of-month stocks totaled 5.2 million pounds, up 19.6% from a year earlier, but 15.3% lower than last month.

BUTTERMILK: .9300 - .9600

**DRY WHEY - CENTRAL**

Prices are fractionally higher on the low end of the range, but steady on the mostly. The market tone is quiet. Customer demand is generally slow. Many end users do not foresee any significant price movements within the next few weeks and, as a result, are buying only to satisfy current needs. Some buyers commented that inventory levels are adequate to carry them through the majority of the month. Offerings are available from manufacturers and traders at comparable prices. Whey stocks vary from moderate to balanced. U.S. production of human food whey during June totaled 97.6 million pounds, 3.2% more than last year but 1.7% less than last month. End-of-June stocks, at 33.6 million pounds, are 14.1% higher than last year and 9.9% above May. Production in June with changes from 1997 are: Wisconsin, 25.0 million pounds, down 12.5% and Minnesota, 10.0 million pounds, up 0.1%.

NONHYGROSCOPIC: .2750 - .2900 MOSTLY: .2775 - .2825

**ANIMAL FEED WHEY - CENTRAL**

Prices are higher on milk replacer; unchanged on standard, roller ground, and delactose. Buyer interest for feed grade whey is fair, at best. Veal and hog feeders are battling with low price returns. Slaughter hog prices remain at extremely low levels, mid to low 30's, and further declines are expected as slaughter numbers rise. The fed calf market is close behind. This year's projected profitability for the veal industry is at one of the lowest levels since 1990. Feed sales are down accordingly. June U.S. animal feed, dry whey production totaled 7.8 million pounds, 12.4% higher than last year and 17.6% more than May. Month-ending stocks were 3.7 million pounds, 17.4% less than last year and 15.3% lower than last month. Animal feed, reduced lactose and minerals whey production during June totaled 2.9 million pounds, 9.2% more than last year and 1.7% higher than May; while all stocks (animal and human), at 11.6 million pounds, were 12.0% less than last year.

MILK REPLACER: .2400 - .2775

STANDARD: .2250 - .2400

ROLLER GROUND: .2900 - .2950

DELACTOSE (Min. 20% protein): .3275 - .3675

**LACTOSE - CENTRAL AND WEST**

Prices and the market tone are unchanged. The continued weakness in sales activity prevails. Negotiable prices are occasionally necessary to generate interest. Producers noted that shipping costs to Asia and Japan are lower. Some hope this may increase future export interest. U.S. lactose production during June totaled 37.7 million pounds, down 3.5% from last year and 6.3% less than May. End-of-June stocks, at 34.3 million pounds, are 41.3% higher than last year and 4.9% above last month. Production in June with changes from 1997 are: Minnesota, 10.8 million pounds, down 4.1%; and Wisconsin, 8.5 million pounds, down 2.6%.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1550 - .2400 MOSTLY: .1800 - .1900

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are higher and the market tone is firm. Availability from manufacturers is tight and premiums are common from most sellers. Buyer interest is strong, typical in an upward market. Presently, WPC offers a more advantageous and economical choice per unit of protein when compared to edible whey. U.S. production of human food WPC during June totaled 20.3 million pounds, a 12.5% increase from last year but a 3.9% decrease from the previous month. Manufacturers' stocks at the end of June totaled 12.5 million pounds, 60.1% higher than last year and 7.5% above last month.

EXTRA GRADE 34% PROTEIN: .5650 - .5975 MOSTLY: .5775 - .5850

**NONFAT DRY MILK - WEST**

Low/medium nonfat dry milk prices are increasing as a firmer market tone is developing. DEIP sales and concerns over declining milk receipts are causing producers to limit spot offerings and raise offering prices. Sales are slower this week, but transaction prices are higher. Production levels are trending lower, reflecting lower milk receipts and declining solids levels. In addition, cheese plants are extending production and taking more milk in the process. Offerings to the CCC continue, but are at low net levels once cancellations are factored in. High heat prices are mixed but the market tone is firmer. Demand is fair to good for the limited offerings. Stocks are at generally light levels. U.S. NDM production in June totaled 104.8 million pounds, down 12.7% from last year and 13.6% lower than May. Stocks at the end of the month were reported at 122.7 million pounds, down 29.2% from last year and 7.1% less than last month. June production in California totaled 42.2 million pounds, down 12.5% from last year, and Washington output totaled 12.5 million pounds, down 26.4% from a year ago.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .10200 - .10500 MOSTLY: .10300 - .10400

HIGH HEAT: .10500 - .10750

**DRY BUTTERMILK - WEST**

Dry buttermilk prices and the market tone continue to firm slightly. Many manufacturers in the region have limited offerings of buttermilk beyond their contracted amounts. Demand is seldom better than fair for spot needs. Current drying schedules remain limited as butter production remains light and condensed buttermilk sales are active. Dry stocks are trending lower in the region. U.S. buttermilk powder production in June totaled 3.4 million pounds, up 21.4% from last year but 33.4% lower than May. Stocks at the end of the month were reported at 5.2 million pounds, up 19.6% from a year earlier but 15.3% lower than May.

BUTTERMILK: .9200 - .9700 MOSTLY: .9300 - .9400

**DRY WHEY - WEST**

The Western whey market is generally steady. More price resistance is noted on export sales especially to the Pacific Rim region. Shipments continue to take place, but there is certainly less aggressiveness in the market. Mexican demand is improving and more powder is being sourced out of the West. Domestically, powder continues to move well. Buyers continue to cover short term needs. Producers' stocks are in good shape. June U.S. whey production totals 97.6 million pounds, up 3.2% from last year. Stocks at the end of the month total 33.6 million pounds, up 14.1% from a year earlier.

NONHYGROSCOPIC: .2300 - .2600 MOSTLY: .2350 - .2400

**CALIFORNIA MANUFACTURING PLANTS**

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended July 31, on powder sales of 10,021,925 pounds f.o.b. California manufacturing plants was \$1.0316 per pound. This compares to 14,577,297 pounds at \$1.0341 for the previous week ending July 24, 1998. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

**NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS**

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

**NONFAT DRY MILK - NORTHEAST AND SOUTHEAST**

Prices are steady to fractionally higher. The market tone is showing a few more signs of firmness. Milk production is easing, Grade A milk shipments to the Southeast are increasing, and the continued good call for condensed skim are keeping drying schedules very light. Some producers are having to curtail wet solids sales in order to make NDM (particularly high heat) to fill contracts. Demand for NDM is fairly steady, but there is growing interest for exports under DEIP. Bid acceptances for the first month of the 1998/99 DEIP program totals 21,948 MT or 26.1% of the program's total allocation for NDM. Production of human food, nonfat dry milk during June 1998 totaled 104.8 million pounds, down 12.7% from June 1997 and 13.6% less than May 1998. Month ending stocks, at 122.7 million pounds, are 29.2% below a year ago and 7.1% less than last month.

Includes EXTRA GRADE AND GRADE A

**F.O.B. NORTHEAST:**

LOW/MEDIUM HEAT: 1.0300 - 1.0500

HIGH HEAT: 1.0600 - 1.1100 MOSTLY: 1.0700 - 1.0800

**DELVD SOUTHEAST:**

ALL HEATS: 1.0600 - 1.0825

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are mixed, but the market tone is unchanged. Production levels are steady to lighter as churning activity eases and sales of condensed buttermilk remain seasonally good. Producers' stocks are closely balanced with the generally slow to fair demand. Dry buttermilk production during June 1998 totaled 3.4 million pounds, up 21.4% from June 1997 but down 33.4% from May 1998. Month ending stocks, at 5.2 million pounds, are 19.6% more than a year ago but 15.3% less than last month.

F.O.B. NORTHEAST: .9400 - .9500

DELVD SOUTHEAST: .9500 - .9825

**DRY WHOLE MILK - NATIONAL**

Prices are unchanged to higher within the range following the jump in July's Class III milk prices. Production levels are light and generally planned to meet existing contractual needs. Producers' inventories are closely balanced with needs. Spot demand is limited, but DEIP bids totaling 1,880 MT have been accepted. This represents about 37.6% of the program's total. Dry whole milk production during June 1998 totaled 12.6 million pounds, up 27.2% from June 1997 and 4.2% above May 1998. Month ending stocks, at 7.0 million pounds, are 37.2% above a year ago but 16.7% below last month.

F.O.B. PRODUCING PLANT: 1.4500 - 1.5650

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 1998 THROUGH JULY 31, 1998  
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	21,948	MT (48,386,560 LBS)
CHANGE	--	2,285	MT (5,037,511 LBS)
WHOLE MILK POWDER	--	1,880	MT (4,144,648 LBS)
CHANGE	--	1,800	MT (3,968,280 LBS)
CHEESE	--	518	MT (1,141,983 LBS)
CHANGE	--	51	MT (112,435 LBS)
BUTTERFAT	--	0	MT
REALLOCATED NDM	--	15,357	MT (33,856,042 LBS)

Allocations for the DEIP year beginning July 1, 1998, are:  
Nonfat dry milk - 84,212 MT; Whole Milk Powder - 5,003 MT;  
Cheese - 3,350 MT; Butterfat - 29,854 MT.

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are unchanged on Extra Grade; unchanged to higher on Grade A. The market tone is not as firm as it has been and contacts report a very quiet week of market activity. Buyers are finding that product is readily available from resellers and, occasionally, end users trying to clear some of their inventories. Traders commented that some producers are now offering powder, but prices are often above what resellers are offering. Current production levels are light to moderate. Dryers continue to report a short or closely balanced supply situation. Demand is sluggish as buyers/users work off inventories and wait for better prices. Production of human food, dry whey during June 1998 totaled 97.6 million pounds, 3.2% more than June 1997 but 1.7% less than May 1998. Month ending stocks, at 33.6 million pounds, are 14.1% above a year ago and 9.9% more than a month ago.

F.O.B. NORTHEAST:	EXTRA GRADE	.2800 - .2875
	USPH GRADE A	.2850 - .2950
DELVD SOUTHEAST:		.3175 - .3225

**ANIMAL FEED WHEY - NORTHEAST**

Prices remain too few to report. Dry whey offerings to animal users and makers are up slightly. Stocks do not appear to be as tight as they have been. Also, demand from the feed industry remains relatively slow. Many buyers continue to work off existing stocks or their contracts and are waiting for more attractive prices. Production of dry, animal feed whey during June totaled 7.8 million pounds, 12.4% more than June 1997 and 17.6% more than May 1998.

F.O.B. NORTHEAST: MILK REPLACER TFWER

**EVAPORATED MILK - NATIONAL**

Prices are unchanged. However, the \$1.67 jump in July's BFP has some producers taking a harder look at making changes. The past two months have seen a \$3.89 increase in milk prices. Production levels are lighter due to the increasing demand for Grade A milk and lower farm production. Plant stocks are fully adequate to meet current orders. Canned evaporated milk production during June 1998 totaled 43.1 million pounds, 15.1% less than June 1997 but 9.4% more than May 1998. Month ending stocks, at 43.6 million pounds, are 1.9% more than a year ago but 1.7% below last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.50 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

**CASEIN - NATIONAL**

The casein market remains weak with prices holding steady to lower. Stocks are reported to be readily available for both contracted volumes and spot needs. Casein buyers are comfortable with the supply outlook for the balance of the year. During May, 4,163,304 kg of casein were imported into the United States. For the first 5 months of 1998, 24,932,825 kg of casein have entered the country. This 5 month total is 5% heavier than the comparable period in 1997. Ireland was the leading source country followed closely by New Zealand.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.0500 - 2.1600
ACID:	1.9500 - 2.1000

## COFFEE, SUGAR, &amp; COCOA EXCHANGE AND CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	07/22	07/23	07/24	07/27	07/28	07/29	07/30	07/31	08/03	08/04	CSCE -
<b>BFP -- Dollars per cwt.</b>											
JUL 98	14.52 (157) 1	14.50 (184) 7	14.58 (164) 1	14.59 (155) 2	14.59 (154) 4	14.61 (150) 8	14.60 (150) 0	14.60 (150) 0	14.68 (152) 2	14.69 (177) 16	
AUG 98	14.63 (123) 2	15.00 (125) 4	14.98 (125) 0	14.97 (134) 9	14.98 (127) 1	15.10 (128) 2	15.20 (127) 10	15.13 (126) 0	15.18 (127) 1	15.20 (127) 0	
SEP 98	14.35 (102) 0	14.65 (106) 6	14.91 (106) 6	14.95 (116) 10	14.95 (108) 0	15.08 (113) 7	15.23 (122) 15	15.00 (122) 0	15.14 (122) 1	15.10 (122) 0	
OCT 98	13.58 (81) 2	13.80 (84) 18	14.00 (85) 14	14.05 (86) 2	14.20 (87) 2	14.24 (88) 1	14.28 (88) 1	14.15 (88) 1	14.18 (87) 1	14.17 (87) 0	
NOV 98	12.48 (15) 0	12.55 (15) 0	12.90 (18) 3	12.83 (18) 0	12.90 (18) 1	12.95 (18) 0	13.10 (20) 2	13.08 (20) 0	13.08 (20) 0	13.10 (20) 0	
DEC 98	12.48 (53) 1	12.53 (53) 0	12.80 (53) 5	12.80 (53) 0	12.80 (53) 0	12.83 (53) 2	13.03 (55) 7	13.05 (53) 0	13.03 (54) 2	13.00 (54) 0	
JAN 99	12.25 (1) 0	12.28 (1) 0	12.40 (2) 2	12.38 (2) 0	12.38 (2) 0	12.45 (2) 0	12.50 (4) 2	12.45 (4) 0	12.48 (4) 0	12.45 (4) 0	
FEB 99	12.25 (2) 1	12.30 (2) 0	12.40 (4) 3	12.38 (4) 0	12.38 (4) 0	12.40 (4) 0	12.40 (4) 0	12.40 (4) 0	12.38 (4) 0	12.40 (4) 0	
<b>CME - BUTTER -- Cents per pound</b>											
JUL 98	205.00 (6) 2										
SEP 98	191.00 (3) 0	193.50 (4) 4	196.00 (6) 3	198.50 (6) 1	198.50 (6) 0	201.00 (7) 1	204.75 (10) 4	206.25 (12) 3	206.25 (12) 0	206.25 (12) 0	
OCT 98	190.00 (1) 0	192.50 (1) 0	195.00 (2) 4	197.50 (5) 5	197.50 (5) 0	200.00 (5) 2	201.00 (6) 2	200.00 (7) 2	200.00 (7) 0	200.00 (7) 0	
<b>CME - BFP -- Dollars per cwt.</b>											
JUL 98	14.55 (412) 0	14.50 (412) 8	14.57 (397) 65	14.57 (394) 13	14.57 (394) 1	14.60 (387) 7	14.60 (390) 13	14.57 (389) 4	14.69 (404) 8	14.70 (393) 3	
AUG 98	14.64 (442) 19	14.65 (445) 31	14.98 (445) 33	14.99 (468) 135	15.01 (471) 26	15.19 (469) 25	15.25 (452) 60	15.13 (451) 43	15.17 (461) 23	15.20 (456) 37	
SEP 98	14.38 (360) 9	14.49 (379) 31	14.95 (367) 40	15.00 (374) 27	14.98 (376) 3	15.10 (376) 20	15.15 (374) 33	15.00 (380) 11	15.15 (380) 18	15.11 (382) 9	
OCT 98	13.59 (276) 8	13.60 (276) 8	14.00 (271) 41	14.05 (272) 26	14.20 (287) 26	14.23 (282) 16	14.25 (293) 20	14.16 (293) 0	14.20 (296) 3	14.22 (299) 10	
NOV 98	12.50 (143) 24	12.50 (151) 10	12.85 (150) 17	12.83 (152) 6	12.88 (152) 1	12.95 (149) 30	13.19 (157) 12	13.19 (160) 8	13.15 (160) 4	13.15 (165) 7	
DEC 98	12.48 (131) 0	12.50 (133) 7	12.74 (138) 23	12.85 (137) 6	12.85 (137) 1	12.85 (150) 21	13.05 (160) 17	13.00 (160) 1	13.00 (160) 2	13.00 (160) 5	
JAN 99	12.25 (35) 8	12.25 (38) 5	12.35 (38) 2	12.35 (38) 1	12.40 (39) 2	12.50 (41) 2	12.50 (43) 4	12.50 (43) 0	12.50 (43) 0	12.52 (44) 1	
FEB 99	12.25 (18) 7	12.25 (21) 4	12.30 (21) 0	12.35 (21) 0	12.35 (21) 1	12.35 (21) 0	12.40 (28) 9	12.50 (29) 6	12.50 (29) 0	12.50 (29) 0	
<b>CME - CHEDDAR CHEESE -- Cents per pound</b>											
JUL 98	160.00 (45) 0	160.00 (20) 0	161.50 (20) 0	161.50 (20) 0	161.50 (20) 0	161.50 (20) 0	161.50 (20) 0	161.50 (20) 0	161.50 (20) 0	161.50 (20) 0	
SEP 98	152.25 (70) 0	154.75 (75) 29	156.00 (75) 0	156.00 (73) 0	156.00 (73) 0	156.00 (73) 0	156.00 (70) 6	157.25 (70) 5	157.25 (70) 1	157.25 (70) 0	

1/ At the CSCE Open interest for NDM -- 44,000 pounds per contract, Cheddar Cheese -- 10,500 pounds per contract, Fluid Milk -- 50,000 pounds per contract, BFP -- 100,000 pounds per contract. At the CME Open interest for Cheddar Cheese -- 40,000 pounds per contract and BFP -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.

## INTERNATIONAL DAIRY MARKET NEWS

Information gathered July 27 - August 7, 1998

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

## WESTERN AND EASTERN EUROPE

**OVERVIEW: WESTERN EUROPE:** International buyer interest remains light and unaggressive. Recent buyer interest for skim and whole milk powder from North Africa has been the most activity in many weeks. Milk production continues to decline seasonally. With the close of intervention and PSA within the month, many producers and traders are questioning what direction will the market/prices take. PSA storage figures for butter are not readily available, but by all indications, skim milk powder intervention will close August 31 with offerings not reaching maximum levels. The market tone for most all dairy products is weak, except butter which continues to show strength. Stock levels of most products are fully sufficient for current and future needs, except butter with inventories reported to be lighter than desired. Outside of Mexico buyer interest for skim milk powder being filled by the U.S., no other sizable interest is occurring.

**BUTTER/BUTTEROIL:** Butter markets remain firm as prices hold steady to slightly firmer within the reported range. Demand is reported to be relatively good for the limited volumes of available butter. Most of the current buyer interest is for domestic needs. Some recent buyer interest from the U.S. has been filled with Eastern European butter stocks. PSA butter storage will come to a close next week. Total volumes that have entered storage are not readily available, thus most within the industry are concerned about having sufficient volumes to meet winter needs. In most instances, stocks of butter are lighter than desired.

82% BUTTERFAT: 1,875 - 2,100  
99% BUTTERFAT: 2,400 - 2,700

**SKIM MILK POWDER (SMP):** Skim milk powder markets are steady to weak. With the close of intervention on August 31, offerings to intervention will probably remain quite heavy through the end of the month and are projected to not reach program limits. Up to this point, the intervention level has been a pricing basis for surplus powder, but many within the industry are questioning where prices will adjust following the close of the program. Mixed opinions vary from weaker prices to compete internationally while some feel that prices will firm.

1.25% BUTTERFAT: 1,330 - 1,485

**WHOLE MILK POWDER (WMP):** Whole milk powder markets are steady to slightly weaker. The recent sale of powder to North Africa has been the most sizable sale European traders have realized in many weeks. Delivery of the powder is scheduled for the next couple of months. With the recent sale, stock levels are reported to be in balance and sufficient for projected future sales.

26% BUTTERFAT: 1,600 - 1,780

**SWEET WHEY POWDER:** Whey markets are generally steady, although prices are unchanged to slightly lower. International buyer interest is light and unaggressive. The limited buyer interest that is occurring is being filled from other countries due to more competitive price levels.

NONHYGROSCOPIC: 600 - 700

**OVERVIEW EASTERN EUROPE:** In Eastern Europe, market conditions are much the same as past weeks. Outside of recent sales activity to North Africa for skim and whole milk powder, traders do not anticipate much buyer interest for the balance of the year on milk powders. Butter markets remain stable at firm prices. No significant butter interest is occurring yet. Traders still have mixed opinions as to butter interest during the upcoming winter months.

## OCEANIA

**OVERVIEW:** The new milk production season in areas of New Zealand and Australia is starting to develop. The winter season, for the most part, has not been severe, thus providing a good basis from seasonal spring increases. Much conversation is centering around potential buyer interest for manufactured dairy products during the upcoming year. Most traders anticipate Asian demand to remain much the same as the past year. In most instances, sales into the region have been patchy and basically centered around hand-to-mouth needs. Stock levels for the end of the season are reported to be in reasonably good balance. Recent sales of butter to the United States have reduced butter stocks to manageable levels. Remaining dairy stocks are being retained for contracted or future needs prior to the new production season.

**BUTTER:** Butter markets are steady to firm. Recent butter sales to the United States have allowed Oceania inventories to become more balanced. The butter production season has ended thus trading that is occurring is reducing inventory levels. The recent sales to the U.S. along with contracted and potential buyer interest has inventories in good balance. As in most areas of the world, butter stocks are reported to be lighter than desired, although Oceania traders are comfortable with their stock positions knowing that the new production season is not far off.

82% BUTTERFAT: 1,700 - 1,825

**CHEDDAR CHEESE:** Cheese demand remains light and unaggressive, although prices are steady to slightly higher. Cheese production has ceased for the season and current sales are being filled from inventories. Stock levels are reported to be in fairly good balance with traders comfortable at this time. The Asian market has been a major buyer of Oceania cheese in past years, but traders are questioning what sales potential will there be following slow sales this past year.

39% MAXIMUM MOISTURE: 1,850 - 2,150

**SKIM MILK POWDER (SMP):** Nonfat dry milk markets are steady to weaker with prices unchanged to generally lower. Much of the current Oceania weakness is in response to getting Oceania prices in line to successfully compete with other countries for current international buyer interest. Recent active sales from the United States to the Caribbean, Central, and South American countries have limited sales potential out of the Oceania region. At this time, sales to this region of the world are not financially attractive. Oceania traders are waiting until U.S. selling potential ends and that hopefully international buyer interest continues.

1.25% BUTTERFAT: 1,300 - 1,400

**WHOLE MILK POWDER (WMP):** Whole milk powder markets are generally steady at unchanged prices. Although recent sales of whole milk powder to North Africa have occurred, overall buyer interest remains light and unaggressive. With delivery of this powder to occur during the next few months, inventories are reported to be in good balance as the new production season will then be well under way. Traders report that the WMP market is the most profitable dairy product at this time.

26% BUTTERFAT: 1,700 - 1,750

Exchange rates for selected foreign currencies: August 3, 1998

.4971 Dutch Guilder	.5605 German Mark
.1672 French Franc	.5087 New Zealand Dollar
.1123 Mexican Peso	.6024 Australian Dollar
1.6267 British Pound	.0069 Japanese Yen
.2908 Polish Zloty	

To compare the value of 1 US Dollar to Mexican Pesos:  $(1/.1123) = 8.9047$ . That is 1 US Dollar equals 8.9047 Mexican Pesos.  
Source: "Wall Street Journal"

MONTHLY SUMMARY AND AVERAGES FOR JULY 1998 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	::REPORT NUMBER 26	::REPORT NUMBER 27	::REPORT NUMBER 28	::REPORT NUMBER 29	::REPORT NUMBER 30	:: 1998	: 1997
	::-----	::-----	::-----	::-----	::-----	:: Average	: Average
	:: JUL 01 - 03	:: JUL 06 - 10	:: JUL 13 - 17	:: JUL 20 - 24	:: JUL 27 - 31	:: or Total	: or Total
BUTTER							
CHICAGO MERCANTILE EXCHANGE 2/ - CASH TRADING							
-- Grade AA	:: 1.9850	:: 1.9850	:: 1.9850	:: 2.0700	:: 2.1200	:: 2.0085	: 1.0995
WHOLESALE SELLING DIFFERENTIALS, F.O.B. - BULK -TRUCKLOAD QUANTITIES*							
-- Grade AA							
Northeast	:: +4.00 - +5.00	:: +4.00 - +5.00	:: +4.00 - +5.00	:: +4.00 - +5.00	:: +4.00 - +5.00	:: N.A.	: N.A.
Central	:: +1.00 - +4.00	:: +1.00 - +4.00	:: +1.00 - +4.00	:: +1.00 - +4.00	:: +1.00 - +4.00	:: N.A.	: N.A.
West	:: -4.50 - 0.00	:: -4.50 - 0.00	:: -4.50 - 0.00	:: -4.50 - 0.00	:: -4.50 - 0.00	:: N.A.	: N.A.
CHEESE							
CHICAGO MERCANTILE EXCHANGE 2/ - CASH TRADING							
-- Barrels	:: 1.5450	:: 1.5450	:: 1.5075	:: 1.5075	:: 1.5075	:: 1.5249	: 1.1435
-- 40# Blocks	:: 1.6075	:: 1.6075	:: 1.6075	:: 1.6575	:: 1.6575	:: 1.6204	: 1.2244
MIDWEST COMMODITY CHEDDAR							
-- Cheddar Barrels	:: 1.5225 - 1.5425	:: 1.5450 - 1.5450	:: 1.5450 - 1.5650	:: 1.5075 - 1.5275	:: 1.5075 - 1.5275	:: 1.5336	: TFEWR
-- Cheddar 40# Blocks	:: 1.5675 - 1.5875	:: 1.6075 - 1.6375	:: 1.6075 - 1.6375	:: 1.6075 - 1.6375	:: 1.6475 - 1.6875	:: 1.6264	: TFEWR
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	:: 1.4975 - 1.8700	:: 1.4975 - 1.8700	:: 1.4975 - 1.9000	:: 1.4975 - 1.9000	:: 1.4975 - 1.9000	:: 1.6935	: 1.5105
-- Brick And/Or Muenster 5#	:: 1.8300 - 2.0400	:: 1.8300 - 2.0900	:: 1.8800 - 2.0900	:: 1.8800 - 2.0900	:: 1.8800 - 2.1400	:: 1.9785	: 1.5855
-- Cheddar 40# Block	:: 1.8225 - 1.9150	:: 1.8500 - 1.9150	:: 1.8725 - 1.9150	:: 1.8725 - 1.9150	:: 1.9000 - 1.9225	:: 1.8918	: 1.6907
-- Monterey Jack 10#	:: 1.9150 - 2.0225	:: 1.9150 - 2.0725	:: 1.9150 - 2.0725	:: 1.9150 - 2.0725	:: 1.9150 - 2.1225	:: 1.9959	: 1.7868
-- Blue 5#	:: 2.1650 - 2.3700	:: 2.2150 - 2.3700	:: 2.2150 - 2.4200	:: 2.2150 - 2.4200	:: 2.2650 - 2.4200	:: 2.3110	: 1.9292
-- Mozzarella 5 - 6#	:: 1.9075 - 1.9150	:: 1.9100 - 1.9575	:: 1.9150 - 1.9600	:: 1.9150 - 1.9600	:: 1.9150 - 2.0075	:: 1.9384	: 1.7528
-- Grade A Swiss Cuts 6 - 9#	:: 2.2000 - 2.4850	:: 2.2000 - 2.4850	:: 2.2000 - 2.4850	:: 2.2000 - 2.4850	:: 2.2000 - 2.4850	:: 2.3425	: 2.2925
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 10# Prints	:: 1.5200 - 2.0400	:: 1.5200 - 2.0900	:: 1.5200 - 2.0900	:: 1.5200 - 2.0900	:: 1.5200 - 2.1400	:: 1.8072	: 1.4419
-- Cheddar Single Daisies	:: 1.4900 - 2.0450	:: 1.4900 - 2.0950	:: 1.4900 - 2.0950	:: 1.4900 - 2.0950	:: 1.4900 - 2.1450	:: 1.7947	: 1.4244
-- Cheddar 40# Block	:: 1.6950 - 1.8450	:: 1.7450 - 1.8950	:: 1.7450 - 1.8950	:: 1.7450 - 1.8950	:: 1.7950 - 1.9450	:: 1.8243	: 1.4286
-- Process 5# Loaf	:: 1.6875 - 1.8600	:: 1.6875 - 1.8825	:: 1.6875 - 1.8825	:: 1.6875 - 1.8450	:: 1.6875 - 1.8450	:: 1.7754	: 1.4067
-- Process 5# Sliced	:: 1.6975 - 1.9175	:: 1.6975 - 1.9400	:: 1.6975 - 1.9400	:: 1.6975 - 1.9025	:: 1.6975 - 1.9025	:: 1.8091	: 1.4328
-- Muenster	:: 1.7275 - 2.0525	:: 1.7775 - 2.1025	:: 1.7775 - 2.1025	:: 1.7775 - 2.1025	:: 1.7275 - 2.1525	:: 1.9335	: 1.5694
-- Grade A Swiss Cuts 10 - 14#	:: 2.2500 - 2.5050	:: 2.2500 - 2.5050	:: 2.2500 - 2.5050	:: 2.2500 - 2.5050	:: 2.2500 - 2.5050	:: 2.3775	: 2.3775
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	:: 1.7100 - 1.9375	:: 1.7300 - 1.9575	:: 1.7300 - 1.9575	:: 1.7300 - 1.9200	:: 1.7300 - 1.9200	:: 1.8330	: 1.5083
-- Cheddar 40# Block	:: 1.7400 - 1.8200	:: 1.7800 - 1.8700	:: 1.7800 - 1.8700	:: 1.7800 - 1.8700	:: 1.8200 - 1.9200	:: 1.8289	: 1.5643
-- Cheddar 10# Cuts	:: 1.9500 - 2.0800	:: 1.9700 - 2.1300	:: 1.9700 - 2.1300	:: 1.9700 - 2.1300	:: 2.0000 - 2.1800	:: 2.0541	: 1.7093
-- Monterey Jack 10#	:: 1.9300 - 2.0425	:: 1.9800 - 2.0925	:: 1.9800 - 2.0925	:: 1.9800 - 2.0925	:: 2.0100 - 2.1425	:: 2.0384	: 1.6839
-- Grade A Swiss Cuts 6 - 9#	:: 2.3400 - 2.4000	:: 2.3400 - 2.4000	:: 2.3400 - 2.4000	:: 2.3400 - 2.4000	:: 2.3600 - 2.4300	:: 2.3754	: 2.4488
FLUID AND DRY PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
Delivered Equivalent:							
-- Northeast	:: 2.6202 - 2.8286	:: 2.6202 - 2.8286	:: 2.6202 - 2.8396	:: 2.5805 - 2.8396	:: 2.6910 - 2.8980	:: 2.7377	: 1.5299
-- Atlanta	:: 2.6202 - 2.7790	:: 2.6202 - 2.7790	:: 2.6202 - 2.8187	:: 2.6202 - 2.8187	:: 2.6910 - 2.8980	:: 2.7289	: 1.5330
-- Upper Midwest	:: 2.6530 - 2.7393	:: 2.6530 - 2.7393	:: 2.5805 - 2.7393	:: 2.5805 - 2.7393	:: 2.6910 - 2.8980	:: 2.7018	: 1.5054
SPOT PRICES OF CONDENSED SKIM (\$ per lb. wet solids)							
Delivered Equivalent:							
-- Northeast	:: 0.7000 - 1.0000	:: 0.7000 - 0.9450	:: 0.6500 - 0.9450	:: 0.6500 - 0.9450	:: 0.6500 - 0.9450	:: 0.8098	: 0.9930
WISCONSIN FLUID MILK SHIPMENTS							
-- Loads Shipped from Wisconsin Shipping Points	:: 0	:: 5	:: 15	:: 24	:: 17	:: 61	: 5
NATIONAL EVAPORATED MILK (\$ per Case)							
(Case - 48 - 12 fluid oz cans)							
-- Delivered Major U.S. Cities	::22.5000 -33.0000	::22.5000 -33.0000	::22.5000 -33.0000	::22.5000 -33.0000	::22.5000 -33.0000	:: 27.7500	: 27.7500

\* Figures represent the range in premiums or discounts (cents/pound) from the previous week's CME Grade AA cash butter close. Zero (0.00) differential is the same as flat market.

MONTHLY SUMMARY AND AVERAGES FOR JULY 1998 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 26	REPORT NUMBER 27	REPORT NUMBER 28	REPORT NUMBER 29	REPORT NUMBER 30	1998	1997
	JUL 01 - 03	JUL 06 - 10	JUL 13 - 17	JUL 20 - 24	JUL 27 - 31	Average	Average
						or Total	or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central (f.o.b.)							
-- Low/Medium Heat	:: 1.0150 - 1.0400	:: 1.0150 - 1.0450	:: 1.0150 - 1.0450	:: 1.0150 - 1.0450	:: 1.0150 - 1.0450	:: 1.0297	: N.A.
-- Mostly	:: 1.0250 - 1.0350	:: 1.0250 - 1.0350	:: 1.0250 - 1.0350	:: 1.0250 - 1.0350	:: 1.0250 - 1.0350	:: 1.0300	: N.A.
-- West (f.o.b.)							
-- Low/Medium Heat	:: 1.0000 - 1.0400	:: 1.0000 - 1.0400	:: 1.0000 - 1.0450	:: 1.0100 - 1.0450	:: 1.0100 - 1.0450	:: 1.0238	: 1.0520
-- Mostly	:: 1.0200 - 1.0300	:: 1.0200 - 1.0300	:: 1.0250 - 1.0350	:: 1.0250 - 1.0350	:: 1.0250 - 1.0350	:: 1.0283	: 1.0442
-- High Heat	:: 1.0450 - 1.0550	:: 1.0450 - 1.0550	:: 1.0450 - 1.0550	:: 1.0450 - 1.0650	:: 1.0550 - 1.0700	:: 1.0538	: 1.0700
-- Northeast (f.o.b.)							
-- Low/Medium Heat	:: 1.0200 - 1.0500	:: 1.0200 - 1.0500	:: 1.0300 - 1.0500	:: 1.0200 - 1.0500	:: 1.0250 - 1.0500	:: 1.0366	: N.A.
-- High Heat	:: 1.0550 - 1.1100	:: 1.0550 - 1.1100	:: 1.0550 - 1.1100	:: 1.0600 - 1.1100	:: 1.0600 - 1.1100	:: 1.0836	: N.A.
-- Mostly	:: 1.0700 - 1.0800	:: 1.0700 - 1.0800	:: 1.0700 - 1.0800	:: 1.0700 - 1.0800	:: 1.0700 - 1.0800	:: 1.0750	: N.A.
-- Southeast (Delvd)							
-- Extra & Grade A	:: 1.0600 - 1.0825	:: 1.0600 - 1.0825	:: 1.0600 - 1.0825	:: 1.0600 - 1.0825	:: 1.0600 - 1.0825	:: 1.0713	: 1.1059
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.2675 - 0.2825	:: 0.2700 - 0.2875	:: 0.2700 - 0.2900	:: 0.2725 - 0.2875	:: 0.2725 - 0.2900	:: 0.2793	: 0.2163
-- Mostly	:: 0.2700 - 0.2775	:: 0.2725 - 0.2800	:: 0.2750 - 0.2800	:: 0.2750 - 0.2825	:: 0.2775 - 0.2825	:: 0.2776	: 0.2147
-- West (f.o.b.)	:: 0.2250 - 0.2400	:: 0.2250 - 0.2450	:: 0.2250 - 0.2600	:: 0.2250 - 0.2600	:: 0.2250 - 0.2600	:: 0.2396	: 0.2129
-- Mostly	:: 0.2275 - 0.2350	:: 0.2300 - 0.2350	:: 0.2300 - 0.2400	:: 0.2350 - 0.2400	:: 0.2350 - 0.2400	:: 0.2351	: 0.2084
-- Northeast Extra Grade (f.o.b.)	:: 0.2675 - 0.2725	:: 0.2725 - 0.2775	:: 0.2750 - 0.2825	:: 0.2800 - 0.2850	:: 0.2800 - 0.2875	:: 0.2787	: 0.2181
-- Northeast Usph Grade A(f.o.b.)	:: 0.2650 - 0.2775	:: 0.2725 - 0.2800	:: 0.2750 - 0.2875	:: 0.2800 - 0.2900	:: 0.2800 - 0.2950	:: 0.2810	: 0.2278
-- Southeast Extra Grade (Delvd)	:: 0.2875 - 0.3125	:: 0.3075 - 0.3200	:: 0.3150 - 0.3225	:: 0.3175 - 0.3225	:: 0.3175 - 0.3225	:: 0.3158	: 0.2412
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.5175 - 0.5725	:: 0.5275 - 0.5800	:: 0.5400 - 0.5825	:: 0.5550 - 0.5875	:: 0.5600 - 0.5925	:: 0.5629	: 0.6145
-- Mostly	:: 0.5500 - 0.5650	:: 0.5525 - 0.5675	:: 0.5650 - 0.5700	:: 0.5675 - 0.5775	:: 0.5725 - 0.5825	:: 0.5678	: 0.6151
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.2300 - 0.2575	:: 0.2400 - 0.2600	:: 0.2400 - 0.2650	:: 0.2500 - 0.2725	:: 0.2400 - 0.2725	:: 0.2535	: 0.1997
-- Standard	:: 0.2200 - 0.2350	:: 0.2200 - 0.2400	:: 0.2200 - 0.2450	:: 0.2300 - 0.2500	:: 0.2250 - 0.2400	:: 0.2329	: TFEWR
-- Roller Ground	:: 0.2700 - 0.2750	:: 0.2700 - 0.2750	:: 0.2700 - 0.2775	:: 0.2900 - 0.2950	:: 0.2900 - 0.2950	:: 0.2815	: 0.2215
-- Delactose	:: 0.3275 - 0.3675	:: 0.3275 - 0.3675	:: 0.3275 - 0.3675	:: 0.3275 - 0.3675	:: 0.3275 - 0.3675	:: 0.3475	: 0.3459
-- Northeast (f.o.b.)							
-- Milk Replacer	:: TFEWR	:: TFEWR	:: TFEWR	:: TFEWR	:: TFEWR	:: TFEWR	: 0.1968
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)	:: 0.9300 - 0.9600	:: 0.9300 - 0.9600	:: 0.9300 - 0.9600	:: 0.9300 - 0.9600	:: 0.9300 - 0.9600	:: 0.9450	: 1.0611
-- West (f.o.b.)	:: 0.9000 - 0.9400	:: 0.9100 - 0.9400	:: 0.9100 - 0.9400	:: 0.9100 - 0.9600	:: 0.9100 - 0.9700	:: 0.9298	: 1.0414
-- Mostly	:: 0.9100 - 0.9300	:: 0.9100 - 0.9300	:: 0.9100 - 0.9300	:: 0.9200 - 0.9300	:: 0.9250 - 0.9350	:: 0.9233	: 1.0241
-- Northeast (f.o.b.)	:: 0.9200 - 0.9600	:: 0.9300 - 0.9600	:: 0.9300 - 0.9600	:: 0.9300 - 0.9600	:: 0.9300 - 0.9500	:: 0.9433	: 1.0730
-- Southeast (Delvd)	:: 0.9500 - 1.0025	:: 0.9500 - 1.0025	:: 0.9500 - 1.0025	:: 0.9500 - 1.0025	:: 0.9500 - 1.0025	:: 0.9763	: 1.1188
WHOLE MILK POWDER							
-- National							
-- F.O.B. Producing Plant	:: 1.2575 - 1.5300	:: 1.4500 - 1.5300	:: 1.4500 - 1.5650	:: 1.4500 - 1.5650	:: 1.4500 - 1.5650	:: 1.4889	: 1.2086
LACTOSE							
-- Central And West (f.o.b.)	:: 0.1700 - 0.2600	:: 0.1700 - 0.2400	:: 0.1700 - 0.2400	:: 0.1550 - 0.2400	:: 0.1550 - 0.2400	:: 0.2030	: 0.2400
-- Mostly	:: 0.1800 - 0.1900	:: 0.1800 - 0.1900	:: 0.1800 - 0.1900	:: 0.1800 - 0.1900	:: 0.1800 - 0.1900	:: 0.1850	: 0.2347
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 2.0500 - 2.1600	:: 2.0500 - 2.1600	:: 2.0500 - 2.1600	:: 2.0500 - 2.1600	:: 2.0500 - 2.1600	:: 2.1050	: 2.2400
-- Nonrestricted - Acid	:: 2.0000 - 2.1000	:: 2.0000 - 2.1000	:: 2.0000 - 2.1000	:: 2.0000 - 2.1000	:: 2.0000 - 2.1000	:: 2.0500	: 2.0568

1/ Prices for all products not footnoted 2/ are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing. 2/ The monthly averages are based on the exchange trading date prices and are time-weighted for each day, starting with the exchange trading date, until the next exchange trading date - Saturdays, Sundays, and National Holidays are included.

JULY 1998 DEIP BID ACCEPTANCE

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
<b>NONFAT DRY MILK</b>				
07/06	AFRICA & MIDDLE EAST	140	JULY	\$930
07/06	CARIBBEAN, CENT & S. AM	18	JUL-AUG	\$930
07/07	AFRICA & MIDDLE EAST	300	JUL-DEC	\$980
07/07	CARIBBEAN, CENT & S. AM	204	JUL-OCT	\$935
07/08	CARIBBEAN, CENT & S. AM	20	JUL-SEP	\$900
07/08	ASIA & FSU	1,396	JUL-FEB	\$953.90
07/09	CARIBBEAN, CENT & S. AM	183	JUL-OCT	\$940
07/09	AFRICA & MIDDLE EAST	300	JUL-SEP	\$980
07/10	AFRICA & MIDDLE EAST	209	JUL-NOV	\$980
07/10	CARIBBEAN, CENT & S. AM	300	JUL-NOV	\$940
07/13	ASIA & FSU	18	JUL-SEP	\$950
07/13	AFRICA & MIDDLE EAST	105	AUG-SEP	\$980
07/14	AFRICA & MIDDLE EAST	175	AUG	\$980
07/15	ASIA & FSU	505	AUG-FEB	\$950
07/16	CARIBBEAN, CENT & S. AM	12,000	AUG-JAN	\$970.67
07/17	CARIBBEAN, CENT & S. AM	1,000	JUL-NOV	\$975.50
07/20	CARIBBEAN, CENT & S. AM	518	AUG-NOV	\$976.71
07/21	CARIBBEAN, CENT & S. AM	1,000	NOV	\$978
07/23	ASIA & FSU	612	AUG-DEC	\$950
07/24	CARIBBEAN, CENT & S. AM	660	JUL-DEC	\$968.79
07/27	CARIBBEAN, CENT & S. AM	435	JUL-SEP	\$974.94
07/29	ASIA & FSU	525	AUG-SEP	\$961
07/29	CARIBBEAN, CENT & S. AM	40	AUG-OCT	\$950
07/30	ASIA & FSU	525	AUG-SEP	\$961
07/30	CARIBBEAN, CENT & S. AM	110	AUG-NOV	\$962.73
07/31	AFRICA & MIDDLE EAST	650	AUG-SEP	\$985.38
JULY 1 - 31, 1998		<u>21,948</u>		
REALLOCATED	CARIBBEAN & MEXICO (5 SEPARATE BIDS)	14,697	AUG-DEC	\$978-978.64
<b>WHOLE MILK POWDER</b>				
07/23	CARIBBEAN, CENT & S. AM	80	AUG-SEP	\$1,275
07/29	CARIBBEAN, CENT & S. AM	1,000	OCT-APR	\$1,275
07/30	CARIBBEAN, CENT & S. AM	800	OCT-APR	\$1,275
JULY 1 - 31, 1998		<u>1,880</u>		
<b>CHEESE</b>				
07/06-P	CARIBBEAN, CENT & S. AM	201	JUL-SEP	\$1,087.19
07/07-P	CARIBBEAN, CENT & S. AM	32	JUL-SEP	\$1,082
07/08-M	AFRICA & MIDDLE EAST	63	JUL-NOV	\$1,225
07/22-P	CARIBBEAN, CENT & S. AM	152	AUG-OCT	\$1,082
07/24-P	CARIBBEAN, CENT & S. AM	19	AUG-OCT	\$1,082
07/29-P	CARIBBEAN, CENT & S. AM	51	AUG-OCT	\$1,082
JULY 1 - 31, 1998		<u>518</u>		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN CHEESE, CC-CREAM CHEESE				
<b>BUTTEROIL/ANHYDROUS MILKFAT</b>				
JULY 1 - 31, 1998		<u>0</u>		
A-ANHYDROUS, O-BUTTEROIL, B-BUTTER				
TOTALS DO NOT ADD DUE TO CONVERSION OF ANHYDROUS /BUTTEROIL TO BUTTER EQUIVALENT				
				PROGRAM-TO-DATE
TOTAL MT				24,218
TOTAL BONUS VALUE				\$24,218.000

Exporters of U.S. milk powder, butterfat and cheddar cheese are aided under the Dairy Export Incentive Program (DEIP), created by Food Security Act of 1985 and extended by the Food, Agriculture, Conservation, and Trade Act of 1990. Export sales are facilitated through payment of bonuses by the U.S. Department of Agriculture's Commodity Credit Corporation. Sales of dairy products will be made through normal commercial channels at competitive world prices. For further information call L.T. McElvain (202) 720-6211. Conversion: 1 metric ton (MT) = 2,204.6 pounds.

**SOURCE: FOREIGN AGRICULTURAL SERVICE**

## JUNE 1998 DAIRY PRODUCTS HIGHLIGHTS

**BUTTER** production was 73.4 million pounds in June, 10.5 percent below June 1997 and 21.0 percent below May 1998. **AMERICAN TYPE CHEESE** production totaled 287.0 million pounds, 0.3 percent above June 1997 but 2.1 percent below May 1998. **TOTAL CHEESE** output (excluding cottage cheese) was 640.3 million pounds, 2.7 percent above June 1997 but 2.0 percent below May 1998. **NONFAT DRY MILK** production, for human food, totaled 104.8 million pounds, 12.7 percent below June 1997 and 13.6 percent below May 1998. **DRY WHEY** production, for human food, was 97.6 million pounds, 3.2 percent above June 1997 but 1.7 percent below May 1998. **ICE CREAM** (hard) production totaled 87.5 million gallons, 2.4 percent above June 1997 and 11.3 percent above May 1998.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	JUN 1998	PERCENT CHANGE FROM:			PRODUCT	JUN 1998	PERCENT CHANGE FROM:		
	1,000 LBS.	JUN 1997	MAY 1998	YEAR TO DATE 1/		1,000 LBS.	JUN 1997	MAY 1998	YEAR TO DATE 1/
BUTTER	73,412	-10.5	-21.0	-9.0	DRY BUTTERMILK	3,429	21.4	-33.4	---
CHEESE					YOGURT (PLAIN AND FLAVORED)	148,977	7.0	10.1	---
AMERICAN TYPES 2/	* 287,025	0.3	-2.1	0.5	CONDENSED WHEY, SOLIDS CONTENT 8/				
CHEDDAR	227,086	-2.6	-3.8	-0.9	SWEET-TYPE, HUMAN FOOD	9,986	-35.5	-0.3	---
SWISS	18,216	-1.3	-1.6	---	SWEET-TYPE, ANIMAL FEED	2,234	-4.4	17.1	---
BRICK & MUENSTER	9,379	6.8	1.2	---	DRY WHEY PRODUCTS				
CREAM & NEUFCHATEL	54,146	1.7	4.5	---	DRY WHEY, HUMAN FOOD	97,591	3.2	-1.7	---
BLUE	3,508	-15.7	-1.3	---	DRY WHEY, ANIMAL FEED	7,753	12.4	17.6	---
HISPANIC	6,062	15.4	-2.6	---	REDUCED LACTOSE AND MINERALS				
MOZZARELLA	197,766	5.0	-4.7	4.0	HUMAN FOOD	5,574	18.1	-9.3	---
OTHER ITALIAN TYPES	53,530	8.8	1.7	5.4	ANIMAL FEED	2,885	9.2	1.7	---
TOTAL ITALIAN TYPES	251,296	5.8	-3.4	4.3	LACTOSE, HUMAN FOOD & ANIMAL FEED	37,733	-3.5	-6.3	---
ALL OTHER TYPES 3/	10,624	8.1	0.4	---	WHEY PROTEIN CONCENTRATE				
TOTAL	640,256	2.7	-2.0	2.5	HUMAN FOOD	20,257	12.5	-3.9	---
COTTAGE CHEESE, CURD 4/	38,694	1.0	2.2	---	ANIMAL FEED	3,284	11.4	-6.4	---
COTTAGE CHEESE, CREAMED 5/	30,815	3.2	0.4	1.0					
COTTAGE CHEESE, LOWFAT 6/	29,620	3.8	-2.9	2.7	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
CANNED EVAPORATED & CONDENSED					ICE CREAM (HARD)	87,472	2.4	11.3	0.6
WHOLE MILK	43,057	-15.1	9.4	---	ICE CREAM, LOWFAT (HARD)	10,257	-2.9	12.8	---
DRY WHOLE MILK	12,555	27.2	4.2	---	ICE CREAM, LOWFAT (SOFT)	28,454	-4.6	6.1	---
NONFAT DRY MILK, HUMAN FOOD	7/ 104,825	-12.7	-13.6	-4.9	ICE CREAM, LOWFAT (TOTAL)	38,711	-4.1	7.8	-8.8
DRY SKIM MILK, ANIMAL FEED	514	-16.4	12.0		SHERBET (HARD)	5,246	1.6	18.0	-3.8
					YOGURT	8,252	-11.6	3.0	-10.8

MANUFACTURERS' STOCKS, END OF MONTH 9/							
PRODUCT	JUN 1998	PERCENT OF:		PRODUCT	JUN 1998	PERCENT OF:	
	1,000 LBS.	JUN 1997	MAY 1998		1,000 LBS.	JUN 1997	MAY 1998
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	33,565	14.1	9.9	HUMAN FOOD	12,542	60.1	7.5
DRY WHEY, ANIMAL FEED	3,741	-17.4	-15.3	ANIMAL FEED	1,173	58.9	-29.0
REDUCED LACTOSE & MINERALS--HUMAN & ANIMAL 10/	11,640	-12.0	20.4	CANNED EVAPORATED & CONDENSED WHOLE MILK	43,597	1.9	-1.7
LACTOSE, HUMAN FOOD & ANIMAL FEED	34,328	41.3	4.9	DRY WHOLE MILK	7,042	37.2	-16.7
DRY BUTTERMILK, TOTAL	5,232	19.6	-15.3	NONFAT DRY MILK FOR HUMAN FOOD	122,658	-29.2	-7.1
				DRY SKIM MILK FOR ANIMAL FEED	853	-27.8	-0.7

1/ 1998 cumulative as percent change of 1997 cumulative. 2/ Whole milk cheese, including Cheddar, colby, washed curd, stirred curd, monterey and jack. 3/ Does not include part skim cheese beginning January 1996 or Hispanic cheese beginning June 1996. 4/ Mostly used for processing into creamed or lowfat cottage cheese. 5/ Fat content 4 percent or more. 6/ Fat content less than 4 percent. 7/ Includes combined Minnesota and Wisconsin production of 1,475,000 lbs. 8/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 9/ Stocks held by manufacturers at all points and in transit. 10/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations. \*Includes combined Minnesota and Wisconsin production of 127,804,000 lbs.

SOURCE: "Dairy Products," Da 2-6 (8-98), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

## JULY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in July 1998 was unchanged at 115. Compared with July 1997, the index was down 2 points (1.7 percent). The index of prices received by farmers for dairy products advanced 2 points during the month of July 1998 to 109. Compared with July 1997, the index was up 16 points (17.2 percent).

On a 3.5 percent butterfat basis, prices received by farmers in July with changes from June were: for All Milk, \$14.23 per hundredweight (cwt.), up 34 cents; for Fluid Grade Milk, \$14.26 per cwt., up 37 cents; and for Manufacturing Grade Milk, \$13.50 per cwt., up 76 cents.

## SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., JULY 1998 WITH COMPARISONS

STATE	All-milk price <u>1/</u> <u>3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		All hay baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	JUNE		JULY		JULY		JULY		JULY	
	1998	1997 <u>2/</u>	1998 <u>4/</u>	1997 <u>2/</u>	1998	1997	1998 <u>7/</u>	1997 <u>8/</u>	1998	1997
CA	13.45	11.40	13.89	11.56	1,290	1,240	33.50	36.00	97.00	117.00
ID	13.66	10.98	15.08	11.14	1,180	1,130	33.80	34.90	84.00	97.00
MI	13.76	12.80	13.50	12.44	1,120	1,070	37.00	38.00	81.00	83.00
MN	14.00	11.69	14.50	11.76	1,030	1,030	36.50	37.90	76.00	94.00
NY	13.77	12.33	13.63	12.18	1,020	1,000	---	---	75.00	83.00
OH	13.40	12.32	12.99	11.88	1,070	1,120	35.00	37.30	104.00	121.00
PA	14.37	13.18	14.39	12.83	1,160	1,120	36.10	37.40	114.00	118.00
TX	14.25	12.65	14.56	12.56	1,120	1,120	32.50	37.80	100.00	81.00
WA	14.25	12.49	14.57	12.16	1,200	1,180	---	---	109.00	116.00
WI	14.05	11.70	15.62	11.78	1,060	1,030	35.20	39.60	76.00	90.00
U.S.	13.89	12.14	14.23	12.08	1,120	1,100	34.40	38.20	88.60	98.40

1/ Prices converted to 3.5 percent butterfat. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND PARITY PRICE RELATIONSHIPS AND OTHER GENERAL PRICE MEASURES, U.S., JULY 1998 WITH COMPARISONS 1/

ITEM	JULY 1997	JUNE 1997 <u>2/</u>	JULY 1998 <u>3/</u>
<b>PRICES</b> (converted to 3.5 percent butterfat) received by farmers for:			
All milk Dol. per cwt.	12.08	13.89	14.23
Fluid grade milk Dol. per cwt.	12.19	13.89	14.26
Manufacturing grade milk Dol. per cwt.	10.71	12.74	13.50
<b>INDEX NUMBERS</b> for:			
Prices received by farmers for dairy products (1990-92 = 100) Index	93	107	109
Prices paid by farmers for commodities and services, interest taxes, and wage rates (1990-92=100) Index	117	115	115
<b>PARITY PRICE</b> for all milk Dol. per cwt.	29.50	29.00	29.30
<b>PARITY EQUIVALENT</b> price for manufacturing grade milk Dol. per cwt.	26.79	26.36	26.63
<b>MILK FEED PRICE RATIO:</b> Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk <u>4/</u>	2.25	2.87	3.07

1/ Parity prices are based on data for the current month. Parity price equivalent during 1998 is 90.9% of the parity price of all milk sold to plants, compared with 90.8 percent in 1997. 2/ Partially revised. 3/ Preliminary. 4/ Reporting change; the feed price measure used to compute the previous data series has been discontinued. For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay.

**SOURCE:** "Agricultural Prices," Pr 1 (7/98), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

### SUMMARY OF WORLD DAIRY PRODUCTION DEVELOPMENTS\*

Cow milk production in selected countries for 1998 is estimated at 384.3 million tons, up marginally from the January forecast, and 1 percent above 1997. Compared to the January report, the United States and Canada account for most of the change. The estimate of milk cow numbers for 1998 has been revised to 132.2 million head, slightly lower than in 1997.

Butter production in selected countries for 1998 is estimated at 5.2 million tons, up from both the January forecast and 1997. Prospects for butter trade have risen since the January report mainly due to higher shipments from New Zealand. Total 1998 butter exports are still expected to decline from 1997 due in part at least, to the Asian economic crisis.

Cheese production is expected to exceed 12 million tons in 1998, above the January forecast, and 2 percent higher than revised 1997. Compared to the January report, the United States, France and Australia account for most of the increase in total production. Export prospects for cheese are also up compared to the January forecast but are marginally below the revised estimate for 1997. Compared to 1997, estimated 1998 cheese exports from the EU are off 35,000 tons and that decline is largely offset by small increases from other exporters.

Nonfat dry milk production in 1998 is estimated at 3.1 million tons, essentially unchanged from 1997 and the January forecast. Compared to the January forecast, the export potential for NDM is up about 3 percent as prices moved lower and surpluses developed, particularly in the EU and the United States.

Note: This update is based on reports from 12 leading producers and traders of dairy products and available secondary information. No changes were made in the data for countries not reviewed. That data is presented for consistency and context only.

### EXPORTS OF TOTAL DAIRY PRODUCTS FROM THE UNITED STATES\*

Bureau of the Census data for the first 5 months of 1998 show that the pace of U.S. dairy product exports is running approximately 10 percent above that of 1997. For the first 5 months of 1998, the total value of dairy exports was \$388 million compared to \$342 million in the same period of 1997. On a product basis, most of the increase is due to sharply higher shipments of nonfat dry milk as a result of the Dairy Export Incentive Program (DEIP). Butter and anhydrous milkfat have also been aided by DEIP, but due in part at least, to the timing of shipments, butter exports are actually down rather than up in the first 5 months of 1998. On a value basis, the decline in butter exports is largely offset by increased exports of anhydrous milkfat. Ice cream and condensed milk have shown strong growth for the first five months of 1998 but that follows significant declines in 1997. Within the whey complex, exports of whey protein concentrate are running ahead of last year but not enough to offset the slower pace for dried whey. As a result, the overall value of whey exports is running 8 percent below comparable months of 1997. Dairy based food products (other dairy products), continue to show rapid growth in value.

On a regional basis, the Caribbean, Central America, and South America, are up significantly due in part at least to sharp increases in DEIP activity. Also, in the Western Hemisphere, Mexico and Canada have shown strong growth for the January-May period. Economic problems in Asia hurt U.S. exports to that region in early 1998. Exports for the first 5 months of 1998 are nearly \$20 million below last year's \$150 million total for the same period. Most of the change is due to a broad array of products, not just to NDM, the major DEIP commodity shipped to the region.

\*Source: "Dairy: World Market and Trade", FD 2-98, July 1998, Foreign Agricultural Service, USDA. For more information, contact Arthur Coffing at (202) 720-3761.

CCC PURCHASES OF DAIRY PRODUCTS

	:	FOR THE WEEK OF OF AUGUST 3 - 7, 1998			:	CUMULATIVE TOTALS		:	UNCOMMITTED INVENTORIES							
	:	TOTAL		:	CONTRACT	:	ADJUSTED	:	SINCE	:	SAME PERIOD	:	PERIOD ENDING	:	SAME PERIOD	
	:	PURCHASES		:	ADJUSTMENTS	:	PURCHASES	:	10/01/97	:	LAST YEAR	:	07/31/98	:	LAST YEAR	
<b>BUTTER</b>																
Bulk	:	-0-	:	-0-	:	-0-	:	-0-	:	-0-	:	-0-	:	-0-	:	-0-
Packaged	:	-0-	:	-0-	:	-0-	:	-0-	:	-0-	:	-0-	:	-0-	:	-0-
TOTAL	:	-0-	:	-0-	:	-0-	:	-0-	:	-0-	:	-0-	:	-0-	:	-0-
<b>CHEESE</b>																
Block	:	-0-	:	-0-	:	-0-	:	-0-	:	-0-	:	330,284	:	-0-	:	-0-
Barrel	:	-0-	:	-0-	:	-0-	:	-0-	:	-0-	:	392,874	:	-0-	:	-0-
Process	:	-0-	:	-0-	:	-0-	:	-0-	:	-0-	:	1,184,400	:	-0-	:	-0-
TOTAL	:	-0-	:	-0-	:	-0-	:	-0-	:	-0-	:	1,907,558	:	-0-	:	-0-
<b>NONFAT DRY MILK</b>																
Nonfortified	:	1,484,489	:	-0-	:	1,484,489	:	136,478,855	:	6,323,281	:	-0-	:	-0-	:	-0-
Fortified	:	-0-	:	-0-	:	-0-	:	-0-	:	-0-	:	-0-	:	-0-	:	-0-
TOTAL	:	1,484,489	:	-0-	:	1,484,489	:	136,478,855	:	6,323,281	:	-0-	:	-0-	:	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	<u>BASIS</u>	<u>SOLIDS</u>		<u>BASIS</u>	<u>SOLIDS</u>
WEEK OF AUGUST 3 - 7, 1998 =	0.3	17.3	COMPARABLE WEEK IN 1997 =	0.0	2.6
CUMULATIVE SINCE OCTOBER 1, 1997 =	30.0	1,588.6	CUMULATIVE SAME PERIOD LAST YEAR =	19.0	92.5
CUMULATIVE JANUARY 1 - AUGUST 7, 1998 =	28.3	1,497.2	COMPARABLE CALENDAR YEAR 1997 =	19.0	92.5

\* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/97 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97
MIDWEST	-0-	-0-	-0-	1,514,684	11,322,654	-0-	8.3	73.6
WEST	-0-	-0-	-0-	392,874	124,869,658	6,323,281	91.5	26.4
EAST	-0-	-0-	-0-	-0-	286,543	-0-	0.2	0.0
TOTAL	-0-	-0-	-0-	1,907,558	136,478,855	6,323,281	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1998

MANUFACTURING MILK: Average Test 3.67% - \$10.05 per cwt.; 3.5% - \$9.95

DOLLARS PER POUND

BUTTER: Bulk \$.6500; 1# Prints \$.6800

CHEESE: 40 & 60# Blocks \$1.1150; 500# Barrels \$1.0850; Process American 5# \$1.1675; Process American 2# \$1.2075

NONFAT DRY MILK: Nonfortified \$1.0280; Fortified \$1.0380; Instant \$1.1855

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 07/18/98 & Comparable Week 1997 1/ 2/

Regions*											: U.S. TOTAL		: % DAIRY OF ALL	
											: WEEK :SINCE JAN 1:	WEEK :	SINCE JAN 1	
1998-Dairy cows HD (000)	: 0.3	1.5	5.4	4.7	16.7	2.0	2.5	0.9	8.2	2.5	44.6	1,490.9	41.1	46.4
1997-Dairy cows HD (000)	: 0.4	1.4	5.4	5.9	18.7	2.7	2.8	1.0	8.6	3.1	50.1	1,599.2	43.7	45.9
1998-All cows HD (000)	: 0.3	1.5	7.4	15.0	23.6	23.1	15.7	5.2	11.1	5.7	108.5	3,215.3		
1997-All cows HD (000)	: 0.4	1.5	7.5	16.8	26.6	17.1	17.3	8.4	11.7	7.3	114.6	3,484.2		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CCC MARKET PRICE PURCHASES 8/5-6

PROCESS	SEPTEMBER DELIVERY
PROCESS SLICED	752,400 \$1.7880-1.8120
MOZZARELLA	
MOZZARELLA, LMPS	806,400 \$1.8500-1.8700
CHEDDAR	
REDUCED FAT SHREDDED	422,400 \$2.2023-2.2500

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/97 = 78,362,159

CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/97 = 85,979

BASIC FORMULA PRICE (BFP), MAY 1995\* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77					